

**RAILROAD COMMISSION OF TEXAS  
LEGAL DIVISION  
OIL AND GAS SECTION**

**RULE 37 CASE NO. 0201412  
DISTRICT 6E**

**RE: APPLICATION OF OXY USA, INC.  
FOR AN EXCEPTION TO  
STATEWIDE RULE 37 TO DRILL  
ITS WELL NO. 8, WHATLEY  
LEASE, EAST TEXAS FIELD,  
GREGG COUNTY, TEXAS**

**FINAL ORDER**

The Railroad Commission of Texas has received and docketed this application for a spacing exception permit under the provisions of Statewide Rule 37 and makes the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. At least ten (10) days' notice was given to all affected operators in the field, all affected, adjacent leases and the mineral interest owner(s) of each adjacent unleased tract.
2. The applicable field rules for the East Texas Field are:  
  
330'/660'/10 acres with an optional 5 acre density if the well is in an internal tract, completely surrounded by production, located in the most sparsely drilled part of the tract and located as nearly as possible in compliance with the spacing rules.
3. The proposed exception to Statewide Rule 37 is required because the Whatley Lease is a narrow tract which will not support a location that meets both the lease line and between well spacing requirements of the East Texas Field rules. The proposed location will be 102' from the nearest lease line and 358' from the nearest well on this lease completed in the East Texas Field.
4. The proposed well location is in the most sparsely drilled part of the tract, is as nearly as possible in compliance with the field rules and is on an internal tract in the East Texas Field.

5. The applicant's lease is an internal tract in the East Texas Field.
6. The applicant's lease is completely surrounded by production.
7. A well at the absolutely most sparsely drilled location on the applicant's lease would be very near a barn and corral and would require the clearing of a wooded area near the creek.
8. The proposed well is located as nearly as possible in compliance with the well spacing rules, taking into account the utilization of an existing well pad, which will minimize the environmental impact of drilling the well.
9. The Whatley Lease has sufficient acreage to sustain an additional well under the East Texas density rules, since it presently has 40 acres and 7 producing wells.
10. When the proposed well is completed there will be 5 acres per well on this lease, bringing the Whatley Lease into greater parity with surrounding leases for well density, allowable per acre and cumulative oil recovery per acre.
11. No protests were made to the application for a Rule 37 exception.
12. The applied-for location will allow the applicant a reasonable opportunity to recover its fair share of the hydrocarbons underlying its tract in the East Texas Field.

### **CONCLUSIONS OF LAW**

1. The application on Railroad Commission Form W-1 was properly filed.
2. Proper notice was timely issued by the Railroad Commission to appropriate persons legally entitled to notice.
3. All things have been done or have occurred to give the Railroad Commission jurisdiction to decide this matter.
4. A well at the proposed location is reasonable and will afford the applicant a reasonable opportunity to recover its share of hydrocarbons, thereby preventing confiscation.
5. This application satisfies the requirements set out in the June 24, 1957 Rule 37 and Density Policy for East Texas Field Applications.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of OXY USA, Inc. for a spacing exception permit under the provisions of Statewide Rule 37 and a permit to drill Well No. 8, Whatley Lease, containing 40 acres of land in the William Robinson Survey, Abstract No. A-177, for the East Texas Field, Gregg County, being in the Longview City Limits, Texas, as shown by plat submitted be and is hereby **APPROVED**; and applicant is granted permission to drill Well No. 8, which will be located as follows, subject to the conditions listed below:

135' from the east line and 391' from the north line of the lease  
740' from the west line and 1592' from the south line of the survey

**CONDITIONS**

1. **Fresh Water Sand Protection.** The operator must set and cement sufficient surface casing to protect all usable-quality water as defined by the Texas Water Commission. Before drilling a well, the operator must obtain a letter from the Texas Water Commission stating the depth to which water needs protection. Write: Texas Water Commission, Surface Casing, P. O. Box 13087, Capitol Station, Austin, Texas 78711-3087. File a copy of the Water Commission letter with the appropriate district office.
2. **Permit at Drilling Site.** A copy of the Form W-1 (Drilling Permit Application), the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout the drilling operations.
3. **Notification of Setting Casing.** The operator **MUST** call in notification to the appropriate district office a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification **MUST** be able to advise the district office of the docket number.
4. **Producing Well.** Statewide Rule 16 requires that the operator submit a Form W-2 (oil well) or Form G-1 (gas well) to the appropriate Commission district office within thirty (30) days after completion of such well. Completion of the well in a field authorized by this order voids the order for all other fields included in the order unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date of this order.
5. **Dry or Noncommercial Hole.** Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or noncommercial well without plugging unless the hole is

cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).

6. **Intention to Plug.** The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.
7. **Notification of Plugging a Dry Hole.** The operator **MUST** call to notify the appropriate district office a minimum of four (4) hours prior to beginning plugging operations. The individual giving notification **MUST** be able to advise the district office of the docket number and all water protection depths for that location as stated in the Water Commission letter.
8. **Plugged Wells.** Should this well ever be plugged and abandoned, the Commission will consider such plugging and abandonment as prima facie evidence that production from said well is no longer necessary to prevent confiscation of applicant's property or to prevent waste; and upon such plugging and abandonment, the authority for such well as granted under this permit shall cease.
9. **Permit Expiration.** This permit expires two (2) years from the date this order becomes administratively final, unless actual drilling operations have begun. The permit period will not be extended.
10. It is further ordered by the Commission that this order shall not be final until 20 days after it is actually mailed to the parties by the Commission; provided that if a motion for rehearing of the application is filed by any party at interest within such 20-day period, this order shall not become final until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission.

Each exception to the examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

Done this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

**RAILROAD COMMISSION OF TEXAS**

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**CHAIRMAN**

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**COMMISSIONER**

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**COMMISSIONER**

**ATTEST:**

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**SECRETARY**